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SUBJECT: CAMBODIAN AIR CARRIER BANNED FROM EU

SENSITIVE BUT UNCLASSIFIED. PROPRIETARY INFORMATION.

¶1. (SBU) Summary: The European Commission's recent decision to ban Siem Reap Airways from operating within Europe highlights significant concerns about air safety conditions in Cambodia. Future USG assistance targeting the civil aviation authorities could help to improve Cambodia's ability to exercise air safety oversight. The Mission is reviewing its policy towards domestic air travel and will consult with Consular Affairs. End Summary.

¶2. (U) The European Commission (EC) announced November 14 a ban on Cambodia's Siem Reap Airways International (SRA) (a subsidiary of Bangkok Airways (BA)) from European Union (EU) airspace due to findings that "the airline does not operate in compliance with the Cambodian safety regulations nor does it meet the standards of the International Civil Aviation Organization (ICAO). Significant concerns have also been expressed by ICAO with regard to the ability of Cambodian civil aviation authorities to implement and enforce the international safety standards."

¶3. (U) The ban follows an ICAO safety oversight audit conducted in late 2007 which found that Cambodia was only 27 percent compliant with international aviation rules and regulations, one of the lowest scores ever. Cambodian authorities were presented with an opportunity to present their action plan and progress in implementing corrective measures in July and at a November 4 meeting; however, the EC deemed Cambodia's efforts to correct the safety deficiencies to be insufficient. The measure seems mostly symbolic as Siem Reap Airways does not currently fly to any EU destinations. The airline operates domestic flights between Phnom Penh and Siem Reap and also flies internationally to Thailand, Laos, and Vietnam.

¶4. (SBU) SRA countered on November 17 that the EU ban does not apply to its aircraft because none of its planes are registered in Cambodia. Rather, all SRA aircraft are registered in Thailand and wet leased from BA (which provides aircraft, crew, and maintenance.) SRA General Manager Santi Laonikakara shared with emboffs a November letter from the Thai Department of Civil Aviation asserting their jurisdiction over the leased aircraft. Santi claimed all SRA leased aircraft travel back to Bangkok every three to five days and undergo regular maintenance there.

¶5. (SBU) However, according to the EC representative in Phnom Penh responsible for this issue, the ban applies to all aircraft for which the Cambodian authorities issue an Air Operating Certificate (AOC), regardless of where the airplanes are registered. Under international law, the authority which issues the operating certificate is responsible for exercising safety oversight. Foreign airlines, such as Singapore Airlines or Korean Air, operate in Cambodia through Air Service Agreements or Memorandums of

Understanding and are registered in their home countries, with operating certificates from those jurisdictions. Cambodian authorities do not have safety oversight responsibilities for these airlines.

¶6. (SBU) The main issue appears to be of a more technical nature regarding the wet lease arrangement between SRA and BA. The Director General of Civil Aviation, Mr. Chea Aun, explained that BA and SRA failed to clearly identify and distinguish which BA aircraft were to be used by SRA. There are concerns that the resulting blurring of responsibility for oversight has created the possibility that some SRA-operated aircraft are registered in neither Thailand nor Cambodia, raising serious concerns about safety oversight for those aircraft. This, we are told, is a main reason for the EU decision.

¶7. (SBU) Given the poor rating of Cambodia's safety oversight in the ICAO audit, the U.S. Federal Aviation Authority is planning a visit to Cambodia early next month to identify possible areas for technical assistance to the State Secretariat for Civil Aviation to improve their ability to implement and enforce international aviation safety standards. The Mission is currently reviewing its policy regarding use of SRA and will consult with Consular Affairs.  
RODLEY